

U.S. Department of Labor

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May 4, 2007

Mr. Edward Fink, Business Manager
Elevator Constructors Local 11
1579 Summit Road
Cincinnati, OH 45237-1915

LM File Number: 027-405

Case Number: [REDACTED]

Dear Mr. Fink:

This office has recently completed an audit of Elevator Constructors Local 11 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As Investigator [REDACTED] and I discussed during the exit interview with you, President Bill Finkbiener, Financial Secretary Kevin Perkins, and four other members of the Executive Board on May 1, 2007, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services.

In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 11's 2006 records revealed the following recordkeeping and reporting violations:

The union failed to maintain seven deposit tickets for the month of January 2006, the ticket for the March 6, 2006 deposit, and the deposit ticket for August 3, 2006. Also missing were the May 2006 account statements for National City accounts [REDACTED] and [REDACTED]. Carbon copies of general fund checks and check stubs after check [REDACTED] dated 9/26/06 were missing. The original general fund check stubs numbered [REDACTED] through [REDACTED] were missing. The canceled checks and bank statement for the general fund were missing for the month of January 2006. The local also failed to maintain proper receipt records that recorded the date, amount, purpose and source of all money received.

Since the local has agreed to do a better job maintaining all financial records, no enforcement action will be taken regarding these violations.

Local 11 failed to include expense reimbursements to you in Schedule 11 (All Officers and Disbursements to Officers) of the Form LM-2 report for FYE 12/31/06. Such payments appear to have been erroneously reported in Schedules 15 through 19.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

Since the local and CPA firm Rafalske & Layne have agreed to ensure that reimbursed expenses are properly reported on future LM report filings, no enforcement action is required at this time.


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In addition to the above financial recordkeeping and reporting violations, it was also discovered that the local failed to maintain copies of the nomination and election notice for the local's December 2006 regularly scheduled election of officers. The local was advised that the LMRDA requires that election records be maintained for a period of one year following the election. The local agreed to maintain copies of the local's election records in accordance with the LMRDA for future elections.

I strongly encourage the local to develop a system creating a separation of duties for collecting and depositing the local's dues receipts. Under the local's current system, the financial secretary is responsible for receiving and depositing members' dues. OLMS suggested that one officer be responsible for collecting dues and a different officer be responsible for depositing union dues. Members of Local 11's executive board present during our recent meeting agreed to consider this recommendation. If a written policy is adopted by the local in the near future, I would appreciate it if you would provide a copy to this office.

I want to extend my personal appreciation to Elevator Constructors Local 11 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Supervisory Investigator